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REPORT TO HOSPITALS AND HOUSING COMMITTEE MEETING OF WEDNESDAY, OCTOBER 06, 2021

SUBJECT 2022 Service Planning – Affordable Housing

ISSUE SUMMARY

To provide the Hospitals and Housing Committee (HHC) with an overview of core service levels, new and progressing initiatives and performance metrics related to the Affordable Housing Community Need.

BACKGROUND

The CRD Board identified its strategic priorities in early 2019. Subsequently, staff prepared the 2019-2022 CRD Corporate Plan to align with this direction. The CRD Corporate Plan presents the work the CRD needs to deliver over the Board term to meet the region's 15 most important needs (community needs). These initiatives are delivered in conjunction with the mandated core services and regulatory requirements that the CRD is accountable for delivering. The priorities were re-confirmed by the CRD Board at the annual check-ins on May 13, 2020 and May 12, 2021.

At the start of the Board term, staff identified that the ambitious plan for the region would require a significant amount of effort and resources to action and implement Board and Corporate Priorities and to keep pace with the anticipated increase in service demands, primarily driven by population growth and construction activity. The general level of effort deployed by the organization has been increasing to keep pace since the direction was set and in some cases emerging trends and changes in economic activity has had a significant impact on the demand for services driving additional resource requirements.

This is the final year of service plan and budget approvals for this CRD Board as well as the final year of implementation of its strategic priorities. For 2022, staff are recommending a significant package of work to finalize the delivery of the strategic priorities and CRD Corporate Plan. Implementation timeframes for much of the work initiated in 2022 will carry into 2023.

2022 is a transition year for the CRD Board. Staff anticipate that any service planning requests for 2023 will be focused on operational adjustments while the Board is determining its strategic priorities for the 2023-2026 term.

The Community Need Summary Report (Appendix A) provides an overview of the strategic context for service areas by department, core service levels for services, new initiatives and a summary of the business model and performance metrics associated with targeted outcomes.

A summary of the capital investment made in support of the Community Need (Appendix B) and the initiatives progressed over the course of this Board's term (Appendix C) have also been appended to this report.

ALTERNATIVES

Alternative 1

The Hospitals and Housing Committee recommends the Committee of the Whole recommends to the Capital Regional District Board:

That Appendix A, Community Need Summary – Affordable Housing be approved as presented and form the basis of the 2022-2026 Financial Plan.

Alternative 2

The Hospitals and Housing Committee recommends the Committee of the Whole recommends to the Capital Regional District Board:

That Appendix A, Community Need Summary – Affordable Housing be approved as amended and form the basis of the 2022-2026 Financial Plan.

IMPLICATIONS

Financial Implications

The Executive Leadership Team (ELT) is taking steps to mitigate the financial impacts resulting from the work. ELT has reviewed the phasing of the work for 2022 to ensure that the activities and resources are allocated as efficiently as possible. Phasing out the initiatives over a longer period of time helps avoid delays which can occur when staff are too thinly spread across projects. Additionally, timing initiatives to start mid-year will also reduce the impact in 2022, but will have an incremental annualization impact in 2023 for ongoing impacts.

The CRD continues to look for ways to fund its services in a manner that relieves affordability pressure for the taxpayer. This is reflected in the policy for reserve balance measures and gaps/surplus which was approved by the CRD Board on July 14, 2021. The CRD has had other funding successes optimizing capital funding and leveraging grant funding in a more aggressive way than ever before.

A comprehensive overview of the resources required to advance the initiatives listed in all Community Need Summaries, including all proposed staffing changes, will be presented to the Committee of the Whole at the 2022 provisional budget review.

Service Delivery Implications

A number of initiatives continue with some occurring in Q4 2021 and into 2022. The Regional Housing First Program (RHFP) is 65% completed with the timeline in the Definitive Agreement of having construction underway by December 31, 2022. This will be a key focus of staff through 2022. Further, work to identify opportunities for the CRD to determine continuation of a housing supply program beyond RHFP implementation was deferred in 2021 and will be taking place in the first half of 2022.

Capital Region Housing Corporation (CRHC) has a number of funded projects in pre-construction or construction and this work, started in 2021, will continue to 2022 and into 2023. Ongoing projects include construction underway at 2782 Spencer, Michigan Square and Prosser. Funds have been awarded, but are awaiting confirmation for Caledonia and Pandora. Funding applications have been submitted for Drake Road with additional feasibility and water exploration works planned for 2022.

An annual report is also planned for the Regional Housing Affordability Strategy (RHAS) in 2022 and will be absorbed in core.

Finally, the funds being administered through the Reaching Home Program (Reaching Home) has increased by over 300% to a total of more than \$5 million (M) annually, which is expected to remain stable until the end of the current Contribution Agreement in 2024.

See Appendix A for more details about core service delivery.

New initiatives proposed for 2022:

Staff have identified three initiatives in support of this community need that will have budget implications in 2022 (Table 1). The key driver for this work is advancing the Community Wellbeing – Transportation & Housing Board Strategic Priority. Since 2017, the federal and provincial governments have made available considerable amounts of funding to address challenges across

the housing spectrum. This includes the RHFP, a \$120M equity partnership between the regional, provincial and federal governments initiated to meet the housing needs of chronically homeless individuals, the federally funded Reaching Home and the provincially funded Community Housing Fund (CHF). Such funding programs from federal, provincial and regional partners provide a considerable opportunity to create additional affordable housing in the region. However, it also creates a significant amount of additional workload for the CRHC and Regional Housing staff.

Table 1: Affordable Housing Community Need Initiatives

#	Initiative	Description	Year(s)	FTE impacts (2022)	Cost impacts (2022)	Funding source
1a-2	Housing Planning & CRHC Operations	Increase staffing complement in Regional Housing in response to increase in operational units	2022	+6.3 FTE* ongoing	\$633K	Fee-for-service, requisition
1a-3	Construction and Capital Project Term Extensions	Extensions of two project-funded positions to support housing development projects delivery	2022	2.0 FTE Term extensions	\$197K	Capital, requisition
1a-10	Reaching Home	Creation of term positions to support effective delivery and administration of increasing program funds	2021-2024	+2.0 FTE Term	\$360K	Grant, requisition

Blue highlighted areas are initiatives that directly address a Board Priority.

** includes support service(s) adjustment*

This information reflects the business case costs which the executive leadership team reviewed as part of their annual assessment of initiatives.

1a-2 Housing Planning & CRHC Operations

The CRD entered into an agreement for the RHFP with the Canada Mortgage and Housing Corporation (CMHC) and the Provincial Rental Housing Corporation (BC Housing) to deliver up to 2,000 units of housing, with up to 400 rented at provincial assistance shelter rates. As of April 2021, 10 projects have been approved creating a combined total of 1,011 units (229 shelters). Of the \$120M commitment, \$72M has been committed with the remaining funds to be allocated to projects by end of 2022.

In addition, the CRHC was awarded three projects through the provincially funded CHF in 2018 and another in 2021 for a total of four CHF projects currently underway. Staff anticipate another CHF Request for Proposals in 2022/23.

Federal, provincial and regional funding opportunities have been instrumental in advancing the affordable housing goals. They have also materially increased the work undertaken by CRHC and Regional Housing staff. CRHC will add an additional 109 units in 2022 increasing the total portfolio size from 2,007 to 2,116 in 2022. This is expected to grow further in future years (2,317 units in 2023, 2,955 units in 2024 and 3,561 units in 2025).

Initiative 1a-2 seeks to create new caretaker and administrative support ongoing positions (+3.0 full time equivalents (FTEs)) to ensure service levels can be maintained in terms of building maintenance, customer service, rent collection, etc. This is in alignment with existing staffing principles to ensure adequate support and business continuity. In addition, the initiative seeks to create a new Senior Project Coordinator position (+1.0 FTE) and extend an existing project coordinator term (1.0 FTE) to 2025 to ensure the team has adequate capacity to undertake feasibility, conceptual planning, preparation and submission of grant application and identification of redevelopment opportunities. The new Senior Project Coordinator position will not begin until July 1, 2022 with costs in 2022 being covered through the land banking and housing reserve fund. This will limit the impact of requisition in 2022, but will impact the overall requisition in 2023.

Given the size and scope of this program of work, the initiative also seeks to create a position in Financial Services (+0.5 FTE) and in the Information Technology & GIS (+0.8 FTE) divisions. This is due to the continued and increasing support required to plan development and capital project activities, process additional transactions and the requirement for continuous development, implementation and management of system changes and data management to support and manage the growing portfolio of assets.

1a-3 Construction and Capital Project Term Extensions

In 2019, the Board approved two three-year term Senior Project Coordinator positions to assist with all aspects of delivering housing development projects. At the time, funding was in place for a project at 3816 Carey Road and a redevelopment at 1211 Gladstone Avenue. The positions are cost-recovered through project costs, which means their continuation is dependent upon approved projects. The positions are expiring in March 2022.

As noted previously, CRHC has four projects approved through the CHF (Caledonia redevelopment, Michigan Square redevelopment, 2782 Spencer –Triway– and 926 Pandora Avenue). Collectively, these projects will deliver almost 500 new units between 2022 and 2025. The CRD and its entities must also advance the remaining RHFP funding (\$41.7) by the end of 2022. As part of an assessment of the housing stock, staff have already identified three high-priority buildings for renewal and two high-priority buildings for redevelopment. Initiative 1a-3 seeks to extend the two term positions (2.0 FTE) to 2025 to deliver the approved and future affordable housing projects.

1a-10 Reaching Home Program – Additional Funding

The CRD has a formal agreement in place with the Government of Canada to act as the Community Entity (CE) for the RHP. This work advances the Community Wellbeing Board Priority by improving the assignment of housing and support to vulnerable people, and assist individuals to find long-term solutions to their homelessness. Across four separate Contribution Agreements the CRD is currently administering \$12.8M 2019-2024. It is anticipated that there will be an increase of \$8.3M 2022-2024 potentially bringing the total funds being administered to \$21.1M.

The increase in funding will lead to an increase in the number and complexity of programs funded through Reaching Home. Initiative 1a-10 seeks to create term positions (+2.0 FTE) to support the effective delivery of the additional funds in 2021-2024 as well as secure additional administrative funds to manage the program. The costs will be recovered through the program, in alignment with administrative cost allowances.

Alignment with Board & Corporate Priorities

The direction given to staff was to bring forward work that is of essential nature. This was defined as:

- Initiatives that provide for public health and safety and/or deliver on a regulatory requirement
- Initiatives that are required to deliver the Board Strategic Priorities

- Initiatives that will prevent the materialization of significant negative impacts on service customers, partners, the region, local services or the CRD's finances
- Initiatives that minimize the materialization of financial, reputational or other risks and liabilities for the CRD by ensuring the organization is keeping pace with expectations and demand
- There is an imperative to deliver the work immediately and/or quickly

The ELT has reviewed and assessed all business cases against the criteria. The consolidated package of work is appropriate and commensurate to the challenge facing the organization.

CONCLUSION

Staff have been progressing initiatives and actions identified in the CRD Corporate Plan, including Board Strategic Priorities. The CRD Board determines resourcing through its annual review and approval of financial plans. As per previous years, to support the Board's decision-making, staff are providing recommendations on funding, timing and service levels through the service and financial planning processes.

RECOMMENDATION

The Hospitals and Housing Committee recommends the Committee of the Whole recommends to the Capital Regional District Board:

That Appendix A, Community Need Summary – Affordable Housing be approved as presented and form the basis of the 2022-2026 Financial Plan.

Submitted by:	Don Elliott, BA, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENTS

Appendix A: Community Need Summary – Affordable Housing

Appendix B: Capital Plan Report

Appendix C: Initiative Progress Report